



IRA A. JACKSON
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Leverett Saltonstall Building
100 Cambridge Street, Boston 02204

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You represent an employee who received a distribution representing her interest in her former employer's Keogh plan. Within two days of receipt your client "rolled over" assets from the Keogh plan to an individual retirement account ("IRA"). You request information concerning the Massachusetts income tax consequence to your client of rolling over assets from a Keogh plan to an IRA.

Massachusetts gross income is federal gross income with certain modifications. (G.L. c. 62, § 2). Unless stated otherwise in Chapter 62, an item of income which is not included in federal gross income for a taxable year is not included in Massachusetts gross income.

Subject to certain restrictions and limitations, a lump sum distribution from a plan qualified under Internal Revenue Code, Section 401(a), including a Keogh plan, which is rolled over to an IRA within 60 days of receipt (to the extent so transferred) is not included in the employee's federal gross income in the year distributed. (I.R.C. § 402(a)(5)).

Based on the foregoing, it is ruled that an employee who rolls over assets received from a Keogh plan to an IRA will realize income for Massachusetts income tax purposes if and to the extent income is realized on receipt of such assets for federal income tax purposes.

Very truly yours,

IRA A. Jackson

Commissioner of Revenue

IAJ:SFR:mf

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